

IOWA PUBLIC EMPLOYMENT RELATIONS BOARD

IN THE MATTER OF

City of Knoxville, Iowa,
Public Employer,

and

PPME Local 2003, (Mixed),
Union,

CEO #971/3

FACTFINDER
RECOMMENDATIONS

Appearances:

For the Employer
Bill Sueppel, Attorney

For the Union
Randy Schultz, PPME Representative

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RELATIONS BOARD

BACKGROUND

This matter comes before the Fact-finder pursuant to Iowa Code Chapter 20.

The Employer and the Union have engaged in negotiations and mediation, but were unable to reach a voluntary agreement on wages and certification pay for waste water employees. The Fact-finding hearing took place on January 14, 2005 in Knoxville, Iowa. Both parties had the opportunity to present all the evidence in support of their bargaining proposals. The representatives did an excellent job of presenting their evidence and the well-organized exhibit notebooks from both parties were much appreciated by this Fact-finder.

IMPASSE ITEMS

Wages:

Employer Final Offer

2.65% across-the-board

Union Final Offer

3.5% across-the-board

Supplemental Pay:

Employer Final Offer

Status Quo

Union Final Offer

New contract section:

\$25/month additional pay for
Sanitation Department employees for
Collection System certification.

FINDINGS OF LAW

The Iowa Code is silent on what a Fact-finder may consider in making settlement recommendations. Because a Fact-finder's proposal may be presented to an interest arbitrator as an alternative to consider, and arbitrators are required to consider the statutory criteria, many fact-finders have found that it is appropriate to refer to the standards provided in Iowa Code §20.22(9):

The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:

- a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments, and the effect of adjustments on the normal standard of services.
- d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

Unlike the arbitrator, a Fact-finder is not limited in what he or she may recommend. The arbitrator is "restricted to the final offers on each impasse item submitted by the parties to the arbitration board or to the recommendation of the fact-finder on each impasse item." Iowa Code §20.22(9). As a Fact-finder I am free, however, to make compromise recommendations; to accept or reject any part or all of the parties' final offers. The only limits for the Fact-finder should be reasonableness. Some fact-finders consider it appropriate to recommend a settlement that the parties should have reached themselves, even if it would not be strictly compliant with section 9. I will consider what is most reasonable, given the criteria in Section 20.22(9).

FINDINGS OF FACT

This bargaining unit is a mixed unit representing 27 full-time employees in several different departments of the employer. According to the previous collective bargaining agreement, included in the bargaining unit are the classifications of police sergeant, patrol officer, dispatcher, laborer, operator, clerk/bookkeeper, and maintenance custodian.

The city presented evidence that its financial condition has worsened in the past three years such that it is more reasonable to offer a lower-than-average wage increase this year. The property tax rollback has caused the assessment ratio for residential property to go from 51.66% in 2001 to 47.96% today, 7% less than three years ago, according to the employer. Thus, the city's ability to tax its residents has decreased because the taxable value of residential property has been artificially decreased by the rollback. There have been permanent state revenue cuts made by the state legislature which impacted Knoxville by permanently cutting its share of state funding by \$147,000. In addition to these revenue cuts, the state also reduced its funding of the Homestead

Exemption from 100% to 75%. As a result, the city's actual revenue has decreased every year since 2002.

In addition to the funding decreases, the city argues that the police pension fund required contribution has increased over 10% and health insurance costs have increased over 4%, which is comparatively low, possibly because the carrier is aware that the city is seeking another insurance carrier. Furthermore, the city argues that a federal decision to close the Veteran's Knoxville facility will have an adverse impact on the community and the city's financial situation.

As evidence of the worsened financial condition, the city introduced its Moody's rating, obtained in December 2004 as a result of the city's inquiries into a bond issue. The rating fell from A2 to A3. The city has not maintained the desired 25% general fund reserve and this reserve has now dipped to 18.7%. The city is currently at its limit on levies and the City Council has chosen not to increase levies that are permitted for insurance and the like, but the city is nearly maxed on all permissible levies.

The city has taken efforts to reduce its expenses. It eliminated the police department position of Assistant Chief. It combined dispatch, reducing staff by two, and it has left one position vacant in the police and public works departments. It eliminated a Parks position effective July 1, 2005. It also eliminated the Finance Director position, combining it with the Clerk position, eliminated Rec Supervisor positions, and the city has decided not to fill a Zoning Inspector position.

Concerning the request for certification pay for employees who become certified as waste water employees, the employer further argues that only one other city in its proposed comparability group provides certification pay. Knoxville is unusual, however, in that employees who become certified in waste water treatment will advance on the pay

scale earlier than if they waited for the increase to occur with time, resulting in an additional \$3000 paid each year for the certification.

The Union points to comparability data and the more recent higher consumer price index figures to support its request for a 3.5% increase. The Union points out that while employees in the Street Department rank third from the top in wages when compared to other cities, Sanitation Department employees rank fourth from the top and Police Department employees fall to sixth when compared to other cities proposed by the Union as a comparability group. Police officers had received a wage increase during the 2002 and 2003 multi-year agreement of 8%. If the Union's proposal is not accepted, the police will again lose ground compared to the other employees in the group, according to the Union. The Union urges that its wage proposal does a better job of maintaining comparable wages, especially in the Police Department. The Union argues that Knoxville's tax valuations and levies are within the averages and that the city does have the ability to fund a 3.5% increase.

FACT-FINDING RECOMMENDATIONS

Comparability Group

The parties have never gone to impasse before this year, so there has been no established comparability group. Both parties proposed a different comparability group, but there are a lot of common cities in both groups.

The Union proposed cities with similar population to Knoxville, all but three of which are in the immediate tier of counties surrounding Knoxville. The Employer proposed cities with comparable population without regard to their location. Each of these lists has in common the cities of Nevada, Creston, Grinnell, Pella and Oskaloosa. The Employer objects to the inclusion of Norwalk and Indianola on the Union's proposed

list because of their proximity to Des Moines, a larger metropolitan area, to which the Union responded that Knoxville is not outside the range of commuting distance from Des Moines. The police in Pella, on both lists, are not organized. Four of the Union's proposed comparable cities are county seats and the rest are not. The Employer considered Perry to be too distant from Knoxville, yet Webster City, which is farther yet, was on the Employer's list.

There is some logic to using the communities that are closer to Knoxville because of the fact that the pool of potential employees is the same. Other factors affecting the usefulness of employers for comparison involve whether they are county seats, whether they are organized bargaining units, and their population.

I recommend the use of these communities for comparison because of their similar populations and relatively close proximity to Knoxville: Nevada, Creston, Grinnell, Oskaloosa, Pella¹, Norwalk, Indianola, Perry, and Washington.

Wages

Using the above comparison group, the comparison of wages currently and under both proposals would be as follows for the Streets Department, using the Laborer III position or equivalent:

¹ Pella police officers were once organized but are no longer organized, so it will not be useful in comparisons for the police officers.

| City | Current Wages | 2005 |
|------------|---------------|---------------------------|
| Knoxville | 16.50 | 16.94 City 17.08 Union |
| Indianola | 17.31 | 17.92 |
| Norwalk | 16.80 | 17.35 |
| Pella | 16.28 | 16.63 |
| Oskaloosa | 16.04 | 16.64 |
| Perry | 15.31 | Open |
| Nevada | 14.94 | 15.38 |
| Grinnell | 14.78 | 15.18 |
| Creston | 13.65 | 14.06 |
| Washington | NA | NA |

For the Sanitation Department, the following table illustrates the comparisons, using the Operator III position or equivalent:

| City | Current Wages | 2005 |
|-----------|---------------|---------------------------|
| Knoxville | 17.13 | 17.58 City 17.73 Union |
| Oskaloosa | 19.55 | 20.28 |
| Pella | 18.83 | 19.18 |
| Indianola | 18.60 | 19.25 |
| Norwalk | 16.80 | 17.35 |
| Nevada | 16.44 | 16.93 |
| Perry | 15.77 | Open |
| Grinnell | 15.33 | 15.73 |
| Creston | 13.81 | 14.23 |

| | | |
|------------|----|----|
| Washington | NA | NA |
|------------|----|----|

The comparison for the police department follows, using the officer wage rates:

| City | Current Wages | 2005 |
|------------|---------------|---------------------------|
| Knoxville | 17.69 | 18.16 City 18.31 Union |
| Indianola | 19.94 | 20.63 |
| Norwalk | 19.44 | 20.08 |
| Pella | 19.11 | Open |
| Grinnell | 18.30 | 18.94 |
| Perry | 17.79 | Open |
| Nevada | 17.35 | 17.87 |
| Oskaloosa | 17.21 | 17.86 |
| Creston | 15.99 | 16.46 |
| Washington | NA | NA |

The percentage wage increase for this proposed comparability group for FY 2006 is as follows:

| City | Percentage increase 7/1/05 |
|----------------|---------------------------------------|
| Knoxville | Open |
| Oskaloosa | 3.75% |
| Pella | \$.35 or 2.15% |
| Indianola | 3.46% to 3.52% - average 3.49% |
| Norwalk | 3.27% to 3.29% - average 3.28% |
| Nevada | 3.0% |
| Perry | Open |
| Grinnell | 3.10% to 3.50% - average 3.30% |
| Creston | 3.0% |
| Washington | 3.0% ² |
| Average | 3.12% |

While an average increase for this bargaining unit is appealing, it is clear that this employer is not in a position this year to pay the high end of wages. I recommend an increase of 3.0% on July 1, 2005 as a reasonable compromise. No group of employees would fall behind the comparable counterparts with this increase, and it is in line with inflation.

Supplemental Pay

The Union's argument for additional pay for employees who become certified in waste collection is based on the fact that the Union feels these employees should get

² The Washington Police unit split the increase into a 2.0% and 1.0% increase; the net by the end of the fiscal year will be a 3.0% increase to wages.

more pay for their higher skill level. This additional training is not required by the Employer, yet employees who become certified early jump ahead on the wage scale. On the other hand, other comparable employers do not pay the additional certification pay, but they do not require their employees to perform these duties.

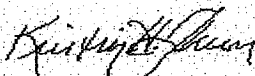
It is generally accepted that a neutral should not grant a new benefit through impasse procedures, particularly when comparability data does not support it. There is only one other employer who provides certification pay to waste collection employees, and although the argument in favor of additional pay for voluntary certification for duties that comparable employees do not perform is appealing, there is already additional incentive in the contract for voluntary certification. This is an item that should be accomplished through the give and take of negotiations at this time. I recommend there be no change to the issue of supplemental pay.

Fact-finding Recommendations

Wages: 3.0% increase across-the-board July 1, 2005;

Supplemental Pay: No change.

Dated this 28th day of January, 2005.



Kristin H. Johnson
Fact-finder

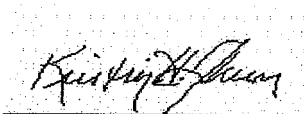
CERTIFICATE OF SERVICE

I certify that on the 29th day of January, 2005, I served the foregoing Report of Fact finder upon each of the parties to this matter by mailing and emailing a copy to them at their respective addresses/fax numbers as shown below:

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I further certify that on the 29th day of January, 2005, I will submit this Report for filing by personally delivering it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, IA 50319-0203



Kristin H. Johnson
Fact-finder